

EXECUTIVE SUMMARY

BUDGET MESSAGE

Bad. Real bad. A combination of declining revenues and increasing expenditures presents a challenge that's every bit as daunting as two years ago - actually, even more so.

County revenues are flat and other substantial revenue sources have diminished. Overall, at this point, local revenues are projected to shrink by more than \$1.9 million. The primary culprits are two sources used to sustain you in FY 2012 that are no longer available - capitalized interest, which was used to fund Enterprise System debt service (\$823,444), and less funding currently earmarked for transfer from the General Fund Reserve (\$870,000).

State revenues are projected to increase slightly (\$249,540), but that doesn't even come close to covering the mandated increases in pension costs for teachers. The school board has attempted to stem the tide by plugging in more than \$480,000 in federal funds for operational costs - while it helps this year, it will only make matters worse in FY 2014.

On the expenditure side, notwithstanding two rounds of General Fund reductions already, total expenditures are currently projected to increase by almost \$2 million - more than \$1.8 million of that is for schools. As you know, this is our peak year for debt service - that will cost us an additional \$764,953 above what it was last year, reflected in the Enterprise Fund.

While we will continue to search diligently for expenditure reductions, and welcome your scrutiny of any operating budget, this is unfortunately a problem that will not be solved by expenditure reductions alone. Non-personnel expenditures have been paired back substantially over the past 3 years - little discretion is left. On the personnel side, the aggregate sum of salaries for the county workforce (145 FTE's) is roughly \$5.9 million, of which \$3 million is reimbursed by the Commonwealth (categorical aid).

Southampton County FY 2013 Budget

Initial Projected Revenues	\$50,845,262
Initial Projected Expenses	<u>\$54,110,415</u>
Gap	<u>\$ (3,265,153)</u>

Current Assumptions:

- Fully funds Southampton County Schools' request for an increase of \$1,205,356 in local funding;
- Incorporates a revenue-neutral real estate tax rate of 75¢;
- Includes a transfer from the General Fund Reserve of \$530,709, or \$870,000 less than last year;
- Incorporates the mandated increase in employer pension contribution rates, (\$232,671);
- Incorporates the mandated provisions of SB 497 as it relates to member contributions to VRS and the required increase in creditable compensation, (\$45,000);
- Incorporates mandated increase of funding for costs associated with the *Line of Duty Act* and OPEB (\$87,000);
- Passes all health insurance increases to the employee;
- The current number of FTE's, including all constitutional officers is 145, down from 147 last year;
- Does not incorporate semiannual collection of real estate taxes or make any changes to the land use program.

SOUTHAMPTON COUNTY, VIRGINIA
DRAFT BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2013

Introduction

REVENUE ESTIMATES

	2011-2012	2012-2013	%▲		2011-2012	2012-2013	%▲
COUNTY SOURCES				BUILDING FUND			
General Property Taxes	\$ 18,154,870	\$ 18,436,637	1.55	Utility Taxes	490,000	487,339	(0.54)
Other Local Taxes	1,594,349	1,596,105	0.11	Carryover - Utility Reserve	970,031	644,170	(33.59)
Permits, Fees, Licenses	105,050	105,930	0.84	Rental of Property	60,556	60,556	0.00
Fines & Forfeitures	589,000	597,250	1.40	Meal Taxes/Refunds	124,920	110,920	(11.21)
Use of Money & Property	35,000	4,000	(88.57)	TOTAL BUILDING FUND	1,645,507	1,302,985	(20.82)
Charges for Service	396,664	408,773	3.05	REVENUE FROM COMMONWEALTH			
Miscellaneous Revenue	979,128	823,268	(15.92)	Non-Categorical Aid	190,000	190,000	0.00
TOTAL COUNTY SOURCES	21,854,061	21,971,963	0.54	Categorical Aid	3,460,396	3,250,349	(6.07)
OTHER COUNTY SOURCES				Other Categorical Aid	467,554	556,307	18.98
Transfer-In/General Fund Reserve	1,400,777	530,709	(62.11)	School Aid (School Operating)	13,435,907	13,753,041	2.36
Transfer-In/Inmate Enterprise	160,000	207,013	29.38	School Aid (School Food)	21,000	23,000	9.52
School Funds (School Food)	401,600	400,000	(0.40)	School Aid (Sales Tax)	2,603,739	2,673,161	2.67
School Funds (School Operating)	2,000	35,700	1685.00	Public Assistance	2,125,253	2,107,531	(0.83)
TOTAL OTHER COUNTY SOURCES	1,964,377	1,173,422	(40.26)	TOTAL STATE REVENUE	22,303,849	22,553,389	1.12
ENTERPRISE REVENUE				REVENUE FROM FEDERAL SOURCES			
Water Service Fees	305,000	306,428	0.47	School Aid (School Operating)	11,500	495,767	4211.02
Sewer Service Fees	774,000	758,317	(2.03)	School Aid (Federal Programs)	1,762,408	1,509,656	(14.34)
Other Fees/Connections	49,815	58,715	17.87	School Aid (School Food)	650,000	714,620	9.94
Capitalized Interest	823,444	-	(100.00)	TOTAL FEDERAL REVENUE	2,423,908	2,720,043	12.22
TOTAL ENTERPRISE REVENUE	1,952,259	1,123,460	(42.45)	TOTAL REVENUE - ALL SOURCES	\$ 52,143,961	\$ 50,845,262	(2.49)

EXPENDITURE ESTIMATES

	2011-2012	2012-2013	%▲		2011-2012	2012-2013	%▲
GENERAL FUND				ENTERPRISE FUND			
General Government Administration				Enterprise/Sewer	2,840,840	2,997,202	5.50
Board of Supervisors	\$ 188,732	\$ 177,328	(6.04)	Enterprise/Water	713,028	734,488	3.01
County Administration	307,871	307,098	(0.25)		3,553,868	3,731,690	5.00
Commissioner of the Revenue	286,717	301,358	5.11	BUILDING FUND			
Board of Assessors	211,212	8,839	(95.82)	Capital Projects/Debt Service	2,210,971	1,836,203	(16.95)
Treasurer	274,817	323,039	17.55		2,210,971	1,836,203	(16.95)
Delinquent Tax Collection	5,000	10,959	119.18	SCHOOL FUND			
Accounting	211,721	226,931	7.18	Instruction	15,950,784	18,086,141	13.39
Data Processing	312,012	342,613	9.81	Administration, Attendance & Health	1,220,657	1,201,463	(1.57)
Insurance/County Code	227,800	296,203	30.03	Management & Direction - Transportation	2,818,191	2,928,764	3.92
Registrar	174,462	160,472	(8.02)	Operation and Maintenance Services	3,392,690	3,354,960	(1.11)
	2,200,344	2,154,840	(2.07)	School Food Service and Non Operating	129,818	64,909	(50.00)
Judicial Administration				Facilities	154,026	154,026	0.00
Circuit Court	34,890	34,535	(1.02)	Debt Service	2,524,381	2,297,795	(8.98)
Combined District Court	22,839	22,559	(1.23)	Technology/School Operating	409,236	458,972	12.15
Special Magistrates	908	658	(27.53)	Rental Textbooks	78,175	166,342	112.78
Clerk of Circuit Court	472,498	502,463	6.34	Technology	206,000	206,000	0.00
Sheriff - Bailiff	388,181	363,199	(6.44)	At-Risk 4 Year Olds	200,333	264,692	32.13
Courthouse Security	239,975	237,156	(1.17)	Early Reading Intervention	45,328	55,434	22.30
Commonwealth's Attorney	497,105	515,240	3.65	Federal School Funds			
Victim Witness Assistance Program	70,091	73,990	5.56	Title I	658,276	625,579	(4.97)
	1,726,487	1,749,800	1.35	Title VIB Flow-Through	604,750	597,824	(1.15)
Public Safety				Vocation Special Education	53,052	46,987	(11.43)
Sheriff - Law Enforcement	1,647,790	1,674,722	1.63	Pre-School Incentive	12,897	12,858	(0.30)
Enhanced 911	163,880	175,771	7.26	Title IIA Training and Recruitment	153,574	126,408	(17.69)
Wireless 911	46,022	47,796	3.85	Title IID Ed. Tech.	4,859	-	(100.00)
School Resource Officer	50,528	52,637	4.17	21st Century Community Learning	175,000	-	(100.00)
Volunteer Fire Departments	301,647	302,396	0.25	Opportunity, Inc.	100,000	100,000	0.00
Volunteer Rescue Squads	929,278	951,112	2.35	Total School Funds	28,892,027	30,749,154	6.43
State Forestry Service	21,730	21,730	0.00	SCHOOL FOOD			
Sheriff - Detention	2,657,239	2,811,708	5.81	School Food	1,072,600	1,137,620	6.06
Probation	102,701	91,669	(10.74)		1,072,600	1,137,620	6.06
Inspections	131,379	131,187	(0.15)	VIRGINIA PUBLIC ASSISTANCE FUND			
Animal Control	98,031	99,327	1.32	Eligibility Administration	1,004,788	1,051,787	4.68
Medical Examiner	500	420	(16.00)	Service Administration	714,376	749,431	4.91
Emergency Services	113,073	127,876	13.09	Benefit Programs	727,342	629,086	(13.51)
	6,263,798	6,488,351	3.58		2,446,506	2,430,304	(0.66)
Public Works				TOTAL EXPENDITURES - ALL FUNDS	\$ 52,143,961	\$ 54,110,415	3.77
Streetslights	45,987	48,000	4.38				
Assign-A-Highway	54,379	52,437	(3.57)				
Refuse Collection	715,488	763,504	6.71				
Refuse Disposal	1,274,300	1,116,000	(12.42)				
Buildings & Grounds	474,537	499,874	5.34				
	2,564,691	2,479,815	(3.31)				
Health & Welfare							
Health Department	304,000	304,000	0.00				
WTCSB	68,944	68,944	0.00				
Senior Services	13,000	12,700	(2.31)				
Comprehensive Services Act	180,147	288,146	59.95				
STOP Organization	1,540	1,540	0.00				
	567,631	675,330	18.97				
Parks, Recreation & Cultural							
Community Concert Association	5,400	5,300	(1.85)				
Rawls Museum Arts	14,000	14,000	0.00				
Historical Society	24,750	23,500	(5.05)				
W.C. Rawls Library	228,686	234,224	2.42				
	272,836	277,024	1.53				
Community Development							
Planning	202,319	225,697	11.56				
Economic Development	100,000	100,000	0.00				
Soil & Water Conservation	9,768	9,768	0.00				
Cooperative Extension	41,015	45,661	11.33				
	353,102	381,126	7.94				
Non-Departmental							
Non-Departmental Operating	19,100	19,158	0.30				
	19,100	19,158	0.30				
TOTAL GENERAL FUND EXPENDITURES	\$ 13,967,989	\$ 14,225,444	1.84				
				Current Deficit		\$ (3,265,153)	

PROJECTED REVENUES

<u>REVENUE SOURCE</u>	<u>FY 2012</u>	<u>DRAFT FY 2013</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT CHANGE</u>
General property taxes	\$18,154,870	\$18,436,637	\$281,767	1.55%
Other local taxes	1,594,349	1,596,105	1,756	0.11%
Permits, fees, licenses	105,050	105,930	880	0.84%
Fines & forfeitures	589,000	597,250	8,250	1.40%
Interest	35,000	4,000	(31,000)	(88.57)%
Charges for services	396,664	408,773	12,109	3.05%
Miscellaneous revenue	979,128	823,268	(155,860)	(15.92)%
Transfer - General Fund Reserve	1,400,777	530,709	(870,068)	(62.11)%
Other County Sources	563,600	642,713	79,113	14.04%
Enterprise Fund	1,952,259	1,123,460	(828,799)	(42.45)%
Building Fund	1,645,507	1,302,985	(342,522)	(20.82)%
Revenue from the Commonwealth	22,303,849	22,553,389	249,540	1.12%
Revenue from Federal Sources	2,423,908	2,720,043	296,135	12.22%
TOTAL	<u>\$52,143,961</u>	<u>\$50,845,262</u>	<u>(\$1,298,699)</u>	(2.49)%

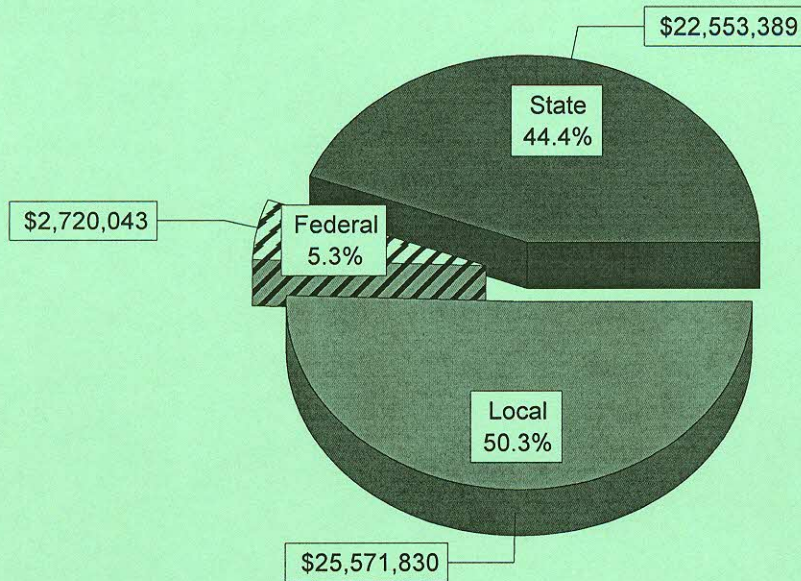
PROJECTED EXPENDITURES

<u>EXPENDITURE SOURCE</u>	<u>FY 2012</u>	<u>DRAFT FY 2013</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT CHANGE</u>
General & Financial Administration	\$2,200,344	\$2,154,840	(\$45,504)	(2.07)%
Judicial Administration	1,726,487	1,749,800	23,313	1.35%
Public Safety	6,263,798	6,488,351	224,553	3.58%
Public Works	2,564,691	2,479,815	(84,876)	(3.31)%
Health and Welfare	567,631	675,330	107,699	18.97%
Parks, Recreation, Culture	272,836	277,024	4,188	1.54%
Community Development	353,102	381,126	28,024	7.94%
Non-Departmental	19,100	19,158	58	0.30%
School Fund	28,892,027	30,749,154	1,857,127	6.43%
School Food	1,072,600	1,137,620	65,020	6.06%
Public Assistance Fund	2,446,506	2,430,304	(16,202)	(0.66)%
Building Fund	2,210,971	1,836,203	(374,768)	(16.95)%
Enterprise Fund	3,553,868	3,731,690	177,822	5.00%
TOTAL	<u>\$52,143,961</u>	<u>\$54,110,415</u>	<u>\$1,966,454</u>	3.77%

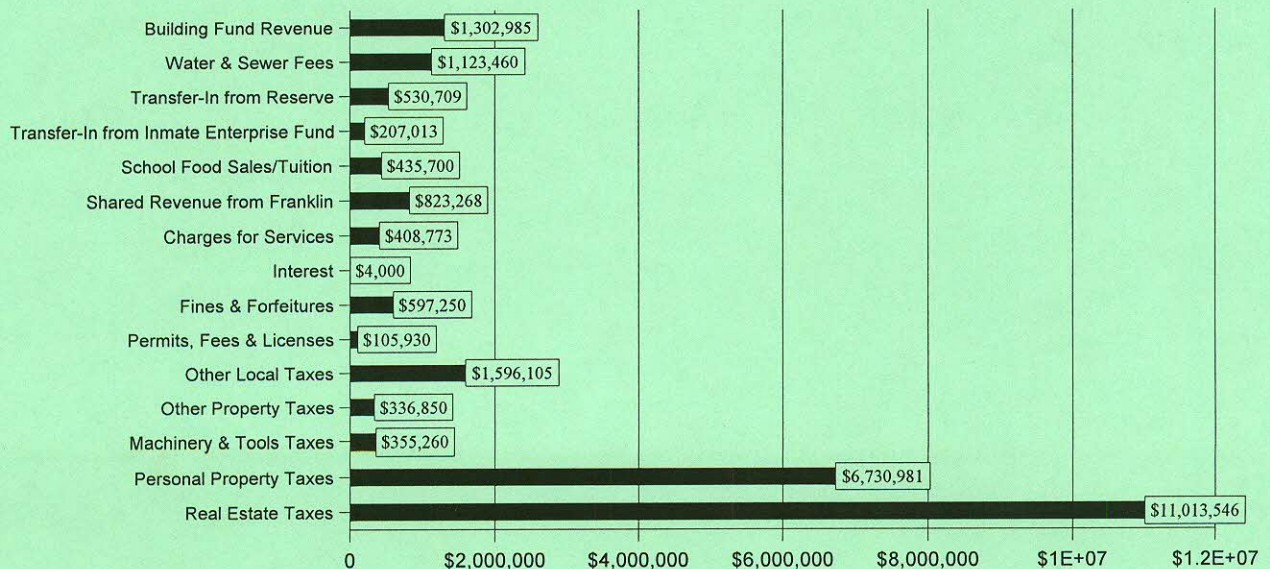
GENERAL FUND SUMMARY OF CHANGES

	2011-2012	2012-2013	Change	%
General Government Administration				
Board of Supervisors	\$ 188,732	\$ 177,328	\$ (11,404)	(6.04)
County Administration	307,871	307,098	(773)	(0.25)
Commissioner of the Revenue	286,717	301,358	14,641	5.11
Board of Assessors	211,212	8,839	(202,373)	(95.82)
Treasurer	274,817	323,039	48,222	17.55
Delinquent Tax Collection	5,000	10,959	5,959	119.18
Accounting	211,721	226,931	15,210	7.18
Data Processing	312,012	342,613	30,601	9.81
Insurance/County Code	227,800	296,203	68,403	30.03
Registrar	174,462	160,472	(13,990)	(8.02)
	<u>2,200,344</u>	<u>2,154,840</u>	<u>(45,504)</u>	<u>(2.07)</u>
Judicial Administration				
Circuit Court	34,890	34,535	(355)	(1.02)
Combined District Court	22,839	22,559	(280)	(1.23)
Special Magistrates	908	658	(250)	(27.53)
Clerk of Circuit Court	472,498	502,463	29,965	6.34
Sheriff - Bailiff	388,181	363,199	(24,982)	(6.44)
Courthouse Security	239,975	237,156	(2,819)	(1.17)
Commonwealth's Attorney	497,105	515,240	18,135	3.65
Victim Witness Assistance Program	70,091	73,990	3,899	5.56
	<u>1,726,487</u>	<u>1,749,800</u>	<u>23,313</u>	<u>1.35</u>
Public Safety				
Sheriff - Law Enforcement	1,647,790	1,674,722	26,932	1.63
Enhanced 911	163,880	175,771	11,891	7.26
Wireless 911	46,022	47,796	1,774	3.85
School Resource Officer	50,528	52,637	2,109	4.17
Volunteer Fire Departments	301,647	302,396	749	0.25
Volunteer Rescue Squads	929,278	951,112	21,834	2.35
State Forestry Service	21,730	21,730	-	-
Sheriff - Detention	2,657,239	2,811,708	154,469	5.81
Probation	102,701	91,669	(11,032)	(10.74)
Inspections	131,379	131,187	(192)	(0.15)
Animal Control	98,031	99,327	1,296	1.32
Medical Examiner	500	420	(80)	(16.00)
Emergency Services	113,073	127,876	14,803	13.09
	<u>6,263,798</u>	<u>6,488,351</u>	<u>224,553</u>	<u>3.58</u>
Public Works				
Streetlights	45,987	48,000	2,013	4.38
Assign-A-Highway	54,379	52,437	(1,942)	(3.57)
Refuse Collection	715,488	763,504	48,016	6.71
Refuse Disposal	1,274,300	1,116,000	(158,300)	(12.42)
Buildings & Grounds	474,537	499,874	25,337	5.34
	<u>2,564,691</u>	<u>2,479,815</u>	<u>(84,876)</u>	<u>(3.31)</u>
Health & Welfare				
Health Department	304,000	304,000	-	-
WTCSB	68,944	68,944	-	-
Senior Services	13,000	12,700	(300)	(2.31)
Comprehensive Services Act	180,147	288,146	107,999	59.95
STOP Organization	1,540	1,540	-	-
	<u>567,631</u>	<u>675,330</u>	<u>107,699</u>	<u>18.97</u>
Parks, Recreation & Cultural				
Community Concert Association	5,400	5,300	(100)	(1.85)
Rawls Museum Arts	14,000	14,000	-	-
Historical Society	24,750	23,500	(1,250)	(5.05)
W.C. Rawls Library	228,686	234,224	5,538	2.42
	<u>272,836</u>	<u>277,024</u>	<u>4,188</u>	<u>1.53</u>
Community Development				
Planning	202,319	225,697	23,378	11.56
Economic Development	100,000	100,000	-	-
Soil & Water Conservation	9,768	9,768	-	-
Cooperative Extension	41,015	45,661	4,646	11.33
	<u>353,102</u>	<u>381,126</u>	<u>28,024</u>	<u>7.94</u>
Non-Departmental				
Non-Departmental Operating	19,100	19,158	58	0.30
	<u>19,100</u>	<u>19,158</u>	<u>58</u>	<u>0.30</u>
TOTAL GENERAL FUND EXPENDITURES	\$ 13,967,989	\$ 14,225,444	\$ 257,455	1.84

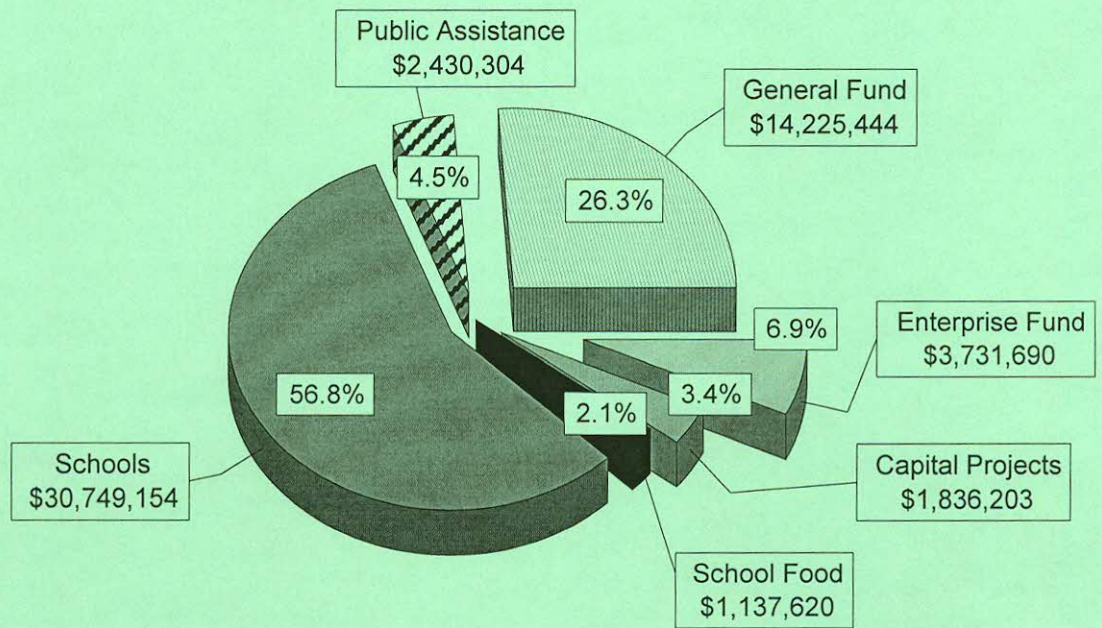
Projected FY 2013 Revenues



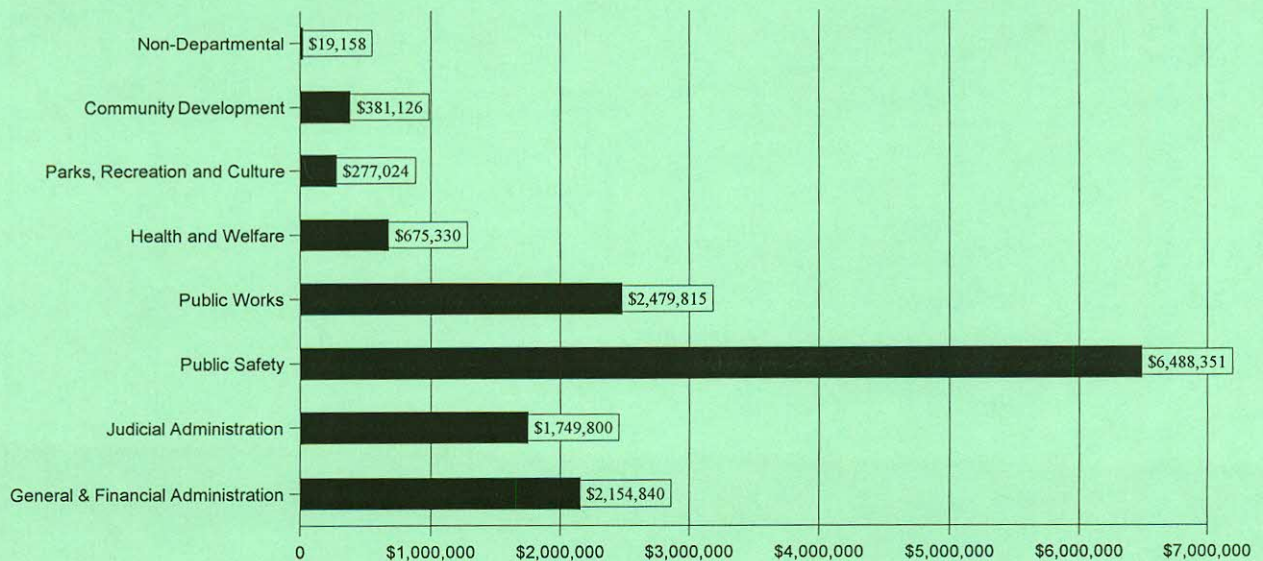
Local Funding Breakdown



Projected FY 2012 Expenditures



General Fund Breakdown



1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 51.1-144 of the Code of Virginia, relating to Virginia Retirement System*
 3 *employee contributions; local employees; school board employees.*

4 [S 497]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 51.1-144 of the Code of Virginia is amended and reenacted as follows:**

8 § 51.1-144. Member contributions.

9 A. Each member shall contribute five percent of his creditable compensation for each pay period for
 10 which he receives compensation.11 The employer shall deduct the contribution payable by the member. Every employee accepting
 12 employment shall be deemed to consent and agree to any deductions from his compensation required by
 13 this chapter. No deduction shall be taken from the compensation of a member after his normal
 14 retirement date if the member elects not to contribute.15 B. In determining the creditable compensation of a member in a payroll period, the Board may
 16 consider the rate of compensation payable to the member on the date of entry or removal of his name
 17 from the payroll as having been received throughout the month if service for the month is creditable. If
 18 service for the month is not creditable, the Board may consider any compensation payable during the
 19 month as not being creditable compensation.20 C. The minimum compensation provided by law for any member shall be reduced by the deduction
 21 required by this section. Except for any benefits provided by this chapter, payment of compensation
 22 minus the deductions shall be a full and complete discharge of all claims for services rendered by the
 23 member during the period covered by the payment.24 D. No deduction shall be made from any member's compensation if the employer's contribution is in
 25 default.26 E. The Board may modify the method of collecting the contributions of members so that the
 27 employer may retain the amounts deducted from members' salaries and have a corresponding amount
 28 deducted from state funds otherwise payable to the employer.29 F. 1. Except as provided in ~~subdivision~~ subdivisions 2, 3, and 4, any employer may elect to pay an
 30 equivalent amount in lieu of all member contributions required of its employees. Such payments shall be
 31 credited to the members' contribution account. These contributions shall not be considered wages for
 32 purposes of Chapter 7 (§ 51.1-700 et seq.) of this title, nor shall they be considered to be salary for
 33 purposes of this chapter.34 2. A person who becomes a member on or after July 1, 2010, shall be required to pay member
 35 contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in
 36 the amount of five percent of creditable compensation if the person is (i) a member covered by the
 37 defined benefit plan established under this chapter, (ii) a member of the State Police Officers' Retirement
 38 System under Chapter 2 (§ 51.1-200 et seq.), (iii) a member of the Virginia Law Officers' Retirement
 39 System under Chapter 2.1 (§ 51.1-211 et seq.), (iv) a member of the Judicial Retirement System under
 40 Chapter 3 (§ 51.1-300 et seq.), or (v) earning the benefits permitted by § 51.1-138.41 Each county, city, town, local public school board, or other local employer may elect to pay an
 42 equivalent amount in lieu of the member contributions required of its employees described in this
 43 subdivision. The county, city, town, local public school board, or other local employer may pay, in
 44 whole percentages, up to five percent of the creditable compensation otherwise required of such
 45 employees, provided that the employer pays the same percentage of creditable compensation for all such
 46 employees, and is paying all member contributions required under this section for all of its other
 47 member employees not described in this subdivision. Any portion of the five percent of creditable
 48 compensation required of a person who becomes a member on or after July 1, 2010, that is not paid by
 49 the county, city, town, local public school board, or other local employer, shall be paid by such person.50 No employer other than a county, city, town, local public school board, or other local employer shall
 51 be allowed to elect to pay any amount of the member contributions required of a person who becomes a
 52 member on or after July 1, 2010.53 3. A person who became a member before July 1, 2010, who is an employee of a county, city, town,
 54 or other local employer other than a local public school board shall be required to pay member
 55 contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in
 56 the amount of five percent of creditable compensation. No county, city, town, or other local employer

shall be allowed to elect to pay any amount of member contributions required pursuant to this subdivision.

4. A member who is an employee of a local public school board, regardless of whether the member is a person who became a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation as follows: (i) any member who commences or recommences employment on or after July 1, 2012, shall be required to contribute five percent of his creditable compensation upon commencing or recommencing employment and (ii) members in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation no later than July 1, 2016. Such member described in subdivision (ii) shall contribute a minimum of an additional one percent of his creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the member's contribution equals five percent of creditable compensation, but the local public school board employer may elect to require members to contribute more than an additional one percent each year, in whole percentages. In no case shall a member be required to contribute more than five percent of his creditable compensation for each pay period for which he receives compensation. No local public school board employer shall be allowed to elect to pay any amount of member contributions except to pay the difference between five percent and the employee contribution during the phase-in period described in this subsection for a member who was in service on June 30, 2012.

3. 5. Notwithstanding any other provision of this section or other law, only those employers who were paying member contributions as of February 1, 2010, may pay member contributions. The provisions of this subdivision shall not apply to a county, city, town, local public school board, or other local employer.

G. Subject to the provisions of subsection F, any employer whose employees are paying member contributions to the retirement system on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code may phase-in the payment of the member contributions on behalf of its employees upon notification to the Board of the employer's intent to make such payments. The Board shall approve the period of time by which the phase-in shall be completed not to exceed six years from the commencement of the phased-in payments.

H. Any employer that, by resolution of its governing body, elects to provide retirement coverage for its employees in accordance with § 51.1-130 on or after September 1, 1998, shall allow its employees to pay member contributions to the retirement system on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in lieu of paying the member contribution on behalf of its employees in accordance with the provisions of subsection F.

I. The Board may develop procedures to effect the transfer of member contributions paid by employers on or after July 1, 1980, and accrued interest on those contributions, to the member contribution account of the member, if such contributions have been previously deposited into the retirement allowance account of the employer.

2. That any county, city, town, local public school board, or other local employer that currently pays member contributions to the Virginia Retirement System that the member will be responsible for paying pursuant to the provisions of this act shall provide an increase in total creditable compensation, effective July 1, 2012, to each affected member to offset the cost of the member contributions. Such increase in total creditable compensation shall be equal to the difference between five percent of an employee's total creditable compensation and the percentage of the member contribution paid by the local member on January 1, 2012. If a local public school board elects to phase in the member contributions pursuant to subdivision F 4 of § 51.1-144 of the Code of Virginia, the increase in total creditable compensation may also be phased in at the same rate.